CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

At the 50th California Society of Municipal Finance Officers Association Annual Conference in Modesto, California

CDIAC SESSION: March 7, 2007 from 3:45 pm-5:00 pm

UNDERSTANDING SWAP PRICING AND CALCULATING RISK

As California's local agencies are becoming involved in the interest rate swap market, it is important that issuers know the basics of swap pricing. This session will cover calculating mark-to-market and termination costs associated with swaps and will provide the finance officer with a basic overview of swap math and related pricing conventions. Doing the math will increase an agency's knowledge of swap risk(s). The session speakers will cover:

- Information on the interest rate swap market
- Swap dealer pricing
- Indices needed to determine pricing
- Formulas for and examples of pricing
- Review of market variables and data sources that determine pricing
- Competitive vs. negotiated swap procurement
- Case studies

Moderator: Executive Director, California Debt and Investment Advisory Commission

Proposed Speaker(s):

Gary Breaux, Finance Director, East Bay Municipal Utility District

Tim Hsu, Financing Risk Manager, California Housing Finance Agency

Jim Murphy, Director, Swap Financial Group LLC

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